

FLEETCOR TECHNOLOGIES INC

Form 10-Q

May 10, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

March 31, 2012 For the quarterly period ended March 31, 2012

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 001-35004

FleetCor Technologies, Inc.

(Exact name of registrant as specified in its charter)

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Delaware (State or other jurisdiction of incorporation or organization)	72-1074903 (I.R.S. Employer Identification No.)
5445 Triangle Parkway, Norcross, Georgia (Address of principal executive offices)	30092 (Zip Code)
Registrant's telephone number, including area code: (770) 449-0479	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at April 30, 2012</u>
Common Stock, \$0.001 par value	83,087,791

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FLEETCOR TECHNOLOGIES, INC. AND SUBSIDIARIES

FORM 10-Q

For the Three Month Period Ended March 31, 2012

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****FleetCor Technologies, Inc. and Subsidiaries****Consolidated Balance Sheets***(In Thousands, Except Share and Par Value Amounts)*

	March 31, 2012 (Unaudited)	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 287,119	\$ 285,159
Restricted cash	57,209	55,762
Accounts receivable (less allowance for doubtful accounts of \$17,742 and \$15,315, respectively)	599,810	481,791
Securitized accounts receivable restricted for securitization investors	341,000	280,000
Prepaid expenses and other current assets	17,305	15,416
Deferred income taxes	4,337	4,797
Total current assets	1,306,780	1,122,925
Property and equipment	99,479	93,380
Less accumulated depreciation and amortization	(65,252)	(60,656)
Net property and equipment	34,227	32,724
Goodwill	763,487	823,549
Other intangibles, net	373,412	299,460
Other assets	83,010	45,834
Total assets	\$ 2,560,916	\$ 2,324,492
Liabilities and stockholders equity		
Current liabilities:		
Accounts payable	\$ 534,111	\$ 478,882
Accrued expenses	40,237	42,242
Customer deposits	174,975	180,269
Securitization facility	341,000	280,000
Current portion of notes payable and other obligations	179,359	140,354
Total current liabilities	1,269,682	1,121,747
Notes payable and other obligations, less current portion	274,883	278,429
Deferred income taxes	133,310	112,880
Total noncurrent liabilities	408,193	391,309
Commitments and contingencies (Note 11)		
Stockholders equity:		
Common stock, \$0.001 par value; 475,000,000 shares authorized, 114,801,901 shares issued and 82,920,231 shares outstanding at March 31, 2012; and 475,000,000 shares authorized, 113,741,883 shares issued and	114	114

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81,860,213 shares outstanding at December 31, 2011

Additional paid-in capital	486,657	466,203
Retained earnings	576,577	534,498
Accumulated other comprehensive loss	(4,644)	(13,716)
Less treasury stock (31,881,670 shares at March 31, 2012 and 31,881,670 at December 31, 2011)	(175,663)	(175,663)
Total stockholders' equity	883,041	811,436
 Total liabilities and stockholders' equity	 \$ 2,560,916	 \$ 2,324,492

See accompanying notes to unaudited consolidated financial statements.

Table of Contents**FleetCor Technologies, Inc. and Subsidiaries****Unaudited Consolidated Statements of Income***(In Thousands, Except Per Share Amounts)*

	Three months ended March 31,	
	2012	2011
Revenues, net	\$ 146,165	\$ 111,005
Expenses:		
Merchant commissions	10,393	8,277
Processing	25,579	17,932
Selling	10,175	7,787
General and administrative	23,823	17,915
Depreciation and amortization	11,720	8,607
Operating income	64,475	50,487
Other expense (income), net	588	(34)
Interest expense, net	3,563	3,363
Total other expense	4,151	3,329
Income before taxes	60,324	47,158
Provision for taxes	18,245	14,823
Net income	\$ 42,079	\$ 32,335
Earnings per share:		
Basic earnings per share	\$ 0.51	\$ 0.40
Diluted earnings per share	\$ 0.49	\$ 0.39
Weighted average shares outstanding:		
Basic weighted average shares outstanding	82,565	79,937
Diluted weighted average shares outstanding	85,164	83,378

See accompanying notes to unaudited consolidated financial statements.

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FleetCor Technologies, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income

(In Thousands)

	Three Months Ended March 31,	
	2012	2011
Net income	\$ 42,079	\$ 32,335
Other comprehensive income:		
Foreign currency translation adjustment gain, net of tax	9,072	3,972
Total other comprehensive income	9,072	3,972
Total comprehensive income	\$ 51,151	\$ 36,307

See accompanying notes to unaudited consolidated financial statements.

Table of Contents**FleetCor Technologies, Inc. and Subsidiaries****Unaudited Consolidated Statements of Cash Flows***(In Thousands)*

	Three months ended March 31,	
	2012	2011
Operating activities		
Net income	\$ 42,079	\$ 32,335
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	3,119	2,725
Stock-based compensation	3,834	4,141
Provision for losses on accounts receivable	4,957	3,847
Amortization of deferred financing costs	510	466
Amortization of intangible assets	7,276	4,600
Amortization of premium on receivables	816	816
Deferred income taxes	(17)	(340)
Changes in operating assets and liabilities (net of acquisitions):		
Restricted cash	(1,447)	(3,978)
Accounts receivable	(183,976)	(132,635)
Prepaid expenses and other current assets	(1,889)	(3,035)
Other assets	(37,821)	(1,114)
Excess tax benefits related to stock-based compensation	(8,883)	(787)
Accounts payable, accrued expenses and customer deposits	57,508	84,165
Net cash used in operating activities	(113,934)	(8,794)
Investing activities		
Acquisitions, net of cash acquired	(10)	
Purchases of property and equipment	(3,563)	(2,594)
Net cash used in investing activities	(3,573)	(2,594)
Financing activities		
Excess tax benefits related to stock-based compensation	8,883	787
Borrowings on securitization facility, net	61,000	10,000
Deferred financing costs paid	(681)	(550)
Proceeds from issuance of common stock	7,737	484
Principal payments on notes payable	(3,750)	(1,729)
Borrowings from revolver and swing line of credit, net	38,960	
Net cash provided by financing activities	112,149	8,992
Effect of foreign currency exchange rates on cash	7,318	7,371
Net increase in cash and cash equivalents	1,960	4,975
Cash and cash equivalents, beginning of period	285,159	114,804